

Message Text

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PAGE 01 QUITO 05800 302252Z

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ACTION COME-00

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FM AMEMBASSY QUITO

TO SECSTATE WASHDC 2319

INFO AMCONSUL GUAYAQUIL

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DEPARTMENT PLEASE PASS USDOC WASHDC

E.O. 11652: N/A

TAGS: BEXP, ENRG, EC

SUBJECT: MAJOR PROJECTS: POSORJA PORT, REFINERY PRODUCTS PIPELINE.

REF: (A) STATE 179145, (B) GUAYAQUIL 914, (C) STATE 183426

1. JOHN BIEGEL, V.P. MKTG., AND P.H. MOORE, PRESIDENT, FLUOR OCEAN SERVICES DIVISION REPORTED COMPANY HAS AN INTEREST IN ALL ECUADOREAN PROJECTS WHICH MAY INVOLVE THEIR SERVICES. DEEP WATER PORT AT POSORJA HAS COME TO THEIR ATTENTION AND THUS THEIR INTEREST. THEY WERE SATISFIED WITH REFTEL B REPORT AND SAID THEY WOULD CONTACT PALMER AND BAKER FOR ADDITIONAL INFORMATION.

2. PRINCIPAL REASON FOR FLUOR'S VISIT TO ECUADOR WAS THAT CEPE, STATE PETROLEUM COMPANY, HAD ASKED FLUOR TO SUBMIT PROPOSAL FOR THE DESIGN/ CONSTRUCTION OF PIPELINES WHICH WILL CARRY THE ESMERALDAS PETROLEUM REFINERY'S FINISHED PRODUCTS OUT TO SEA TWO MILES FOR LOADING ON TANKERS. EIGHTY PERCENT OF THE REFINERY'S FINISHED PRODUCTS WILL BE LOADED ON SHIPS. CEPE IS CONSIDERING EITHER A SEABED OR OVER-THE WATER SYSTEM. ESTIMATED COST OF THE PROJECT ACCORDING TO FLUOR IS US\$20 MILLION.

3. FLUOR HAD ASSURED ITSELF OF DOING THIS PHASE OF THE PROJECT BY MAKING AN AGREEMENT WITH REFINERY CONTRACTOR SUMITOMO/CHIYODA TO BE GIVEN THIS SUBCONTRACT IN THE EVENT SUMITOMO/CHIYODA WAS AWARDED T HE

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JOB. FLUOR PROVIDED THE JAPANESE FIRM WITH ENGINEERING STUDIES WHICH

HELPED IT IN ITS PREPARATION OF ITS PROPOSAL TO CEPE TO CONSTRUCT THE REFINERY. FLUOR DID THIS KNOWING THAT A FIRM ALREADY UNDER CONTRACT HAS AN ADVANTAGE OVER OTHER FIRMS FOR RELATED CONTRACTS.

4. SINCE FLUOR WAS CONTACTED DIRECTLY BY CEPE, FLUOR WILL OW DEAL DIRECTLY WITH CEPE. FLUOR ASSERTS THAT CEPE HAS ONE MONTH IN WHICH TO SIGN A CONTRACT IF IT WANTS THE PIPELINE COMPLETION TO COINCIDE WITH THE REFINERY'S START OF OPERATIONS. FLUOR WILL BE SUBMITTING A PROPOSAL WITHIN 3 WEEKS.
BREWSTER

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